

# North Lanarkshire Council

## Report

### Audit and Scrutiny Panel

approval  noting

Ref KH/LJ/JL

Date 23/09/20

### Summary of ALEO Landscape and Oversight Arrangements (Programme of Work Number 75.1)

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#### Executive Summary

Revisions to the Council's Scheme of Administration transferred the responsibilities of the former ALEOs and External Bodies Monitoring Sub Committee to the appropriate service committees and this Audit and Scrutiny Panel. This report describes the monitoring and reporting arrangements that are now in place to ensure that the council maintains adequate oversight of service delivery and governance arrangements within its arm's length providers and provides an overview of the arm's length service delivery landscape. The report also updates members on the coronavirus response arrangements put in place within each entity to ensure that proper governance and risk management remained in force during the lockdown period.

Members are aware that although the council has recently taken a number of decisions to cease service delivery through individual arm's length providers and transfer responsibility for specific functions to in-house provision, there may be circumstances in the future where the council is required to consider options for outsourcing. Accordingly, this report provides a strategic checklist to inform any potential future externalisation considerations.

#### Recommendations

The Audit and Scrutiny Panel is requested to:

1. Note that six monthly ALEO performance reports, including details of services provided in support of individual Programmes of Work, are submitted to the relevant service committees by Heads of Service in conjunction with Financial Solutions;
2. Agree that assurance in relation to ALEOs' governance, stewardship and risk management arrangements will be provided through the submission of a six monthly composite report to this panel;
3. Note the Service Externalisation Checklist provided to inform consideration of service delivery models; and,
4. Note the coronavirus response arrangements, as stood-up within individual arm's length organisations, and agree that future reports will confirm where service delivery has been resumed and identify any revisions to governance and/or risk management arrangements as a result of the pandemic and recovery planning.

#### The Plan for North Lanarkshire

Priority All priorities

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

## **1. Background**

- 1.1 The council continues to have significant interest in a number of Arm's Length External Organisations (ALEOs) and strategic partnerships which have been established over previous years to provide an alternative, and in many cases more innovative method of service delivery, or to ensure a commercially driven focus in delivery of the council's business functions.
- 1.2 The ALEOs are separate legal entities in their own right with their own governance and financial management obligations, however, the council remains accountable for service delivery, whether performed in-house or through alternate, arm's length arrangements. The Chief Finance Officer is responsible for financial governance which extends to gaining confidence in the robustness of ALEOs' financial governance arrangements. Therefore the council must ensure that the governance arrangements adopted by its ALEOs and arm's length providers are fit for purpose and allow the council to fulfil its public accountability, following the public pound, service delivery, accounting and reporting requirements.
- 1.3 It is essential that information on these organisations' operational and financial performance is routinely reviewed to ensure robust stewardship and quality of service delivery, whilst also minimising financial, service delivery and reputational risks to the council. In line with the Strategic Performance Framework reported to panel members in November 2019, this report confirms that ALEOs' operational and financial performance is now submitted to the relevant service committee, while responsibility for reviewing governance, including financial governance, will be reported to this panel in accordance with its Terms of Reference and the Scheme of Administration.

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## **2. Report**

### **2.1 North Lanarkshire Council ALEOs and Strategic Partnership Vehicles**

- 2.1.1 Although the number of arm's length service delivery arrangements has reduced, most recently through the council decision to in-source cultural and leisure provision, the council continues to have 100% controlling interest in 9 entities. As such, the council is required by the Code of Practice on Local Authority Accounting to disclose its interest in these companies when preparing its annual statutory accounts. The council also delivers significant elements of its roads, winter maintenance, housing and corporate property repairs responsibilities through strategic partnerships with Amey Public Services and Mears Scotland - where the council has a 33% shareholding in each limited liability partnership. Appendix 1 provides a summary of ALEOs where the council is the sole shareholder or has the potential to exert "control or influence" through levels of funding or representation on the Board.
- 2.1.2 Members are further advised that while Campsies Centre (Cumbernauld) Limited; North Lanarkshire Leisure Limited; and Town Centre Activities Limited are referenced at Appendix 1, each company is in the process of dissolution following previous council decisions.

### **2.2 ALEO Monitoring and Reporting**

- 2.2.1 The companies listed in Appendix 1 and falling within the scope of this panel are each responsible for delivering services or undertaking statutory responsibilities on

behalf of the council. As such, the council remains publicly accountable and has a duty to ensure that service delivery and governance arrangements reflect Best Value.

2.2.2 A Service Level Agreement (SLA) or Contract Works Agreement is in place between each ALEO and the relevant council service(s) setting out:

- the council's service delivery expectations;
- levels of funding, provided by way of a Management Fee, and any further resources provided by the council;
- accounting and audit requirements; and,
- expected returns including performance monitoring and reporting.

## **2.3 ALEO Review Programme**

2.3.1 During the period 2016 to 2019 the council completed separate reviews into each of its ALEOs to ensure that arm's length provision remained the most effective service delivery model for the council. The reviews also considered the extent to which each entity could make a significant and sustainable contribution to the council's strategic priorities, including more recently, The Plan for North Lanarkshire.

2.3.2 The findings and recommendations from each review were reported separately and the programme concluded in 2019/20 with the reviews into Routes to Work Ltd and North Lanarkshire Municipal Bank Ltd reported to the Policy and Strategy Committee in September 2019 and March 2020 respectively.

## **2.4 ALEO Performance Monitoring and Reporting**

2.4.1 The Accounts Commission in their 2018 report, '[Council's Use of Arms' Length Bodies](#),' commented positively on the council's ALEO performance monitoring arrangements and the review programme. Building on these strong foundations, and with the review programme drawing to its conclusion, the council sought to strengthen arrangements further by consolidating monitoring responsibility for individual ALEOs within the appropriate service committee. This allows members to scrutinise ALEO performance and examine the extent to which the council's requirements are being met, while at the same time, provides the ALEO with an opportunity to highlight significant developments and demonstrate where they are contributing to the council's shared ambitions and individual Programmes of Work.

2.4.2 Heads of Service now submit a six monthly report to the respective service committee confirming that the ALEO is fulfilling its contractual obligations and meeting the council's service delivery expectations. Statutory bodies are reported annually, in accordance with the council's Scheme of Administration, given that each entity is already subject to separate scrutiny and accountability in its own right.

2.4.3 Service committee reports also include information from Financial Solutions in relation to financial performance and overall financial standing of the individual ALEO, as considered by the ALEO's board or management committee at its most recent meeting. This information will help give early warning of any financial risks which may give rise to financial, operational or reputational risks for the council.

## **2.5 Audit and Scrutiny Panel**

2.5.1 In addition to the above contractual performance monitoring, assurance and oversight will be provided by this panel. Governance reports will confirm where ALEOs and strategic partnerships are complying with their statutory duties, as set out

in company incorporation documents, and provide information in relation to financial stewardship, risk management and business continuity planning. Key considerations for panel members will be:

- 1) Are there effective governance, including financial governance, arrangements in place and are arrangements sufficiently robust?
- 2) Is the strategic direction designed and capable of achieving the company's purpose, including charitable objectives where applicable?
- 3) Does the Board of Directors or Management Committee fulfil its statutory responsibilities under company law including holding management to account for performance and service delivery / development?
- 4) Is there accountability for service delivery and transparency in decision making?
- 5) Are suitably robust risk management arrangements in place that minimise risks to the organisation, individuals, employees and the council and is the risk register reviewed regularly by the Board of Directors or Management Committee?

2.5.2 The principles and diagram in Appendix 2, published by the Accounts Commission and Audit Scotland respectively, illustrate these responsibilities.

2.5.3 ALEO governance and financial monitoring oversight reports will be composite reports and their consideration on a six monthly schedule will fulfil the panel's Terms of Reference duties to:

- *'Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of arrangements including in relation to the council's ALEOs;'* and,
- *'Monitor the effective development and operation of risk management in the council and its ALEOs, including monitoring progress in addressing risk-related issues reported to the panel.'*

## **2.6 Policy and Strategy Committee**

2.6.1 The Policy and Strategy Committee is responsible for considering the outputs from any further reviews into arm's length delivery arrangements, or where the council is considering the potential merits of a new special purpose vehicle or partnership. Where this is the case, it is essential that council decisions are informed through robust options appraisal and preparation of outline and full business cases. Appendix 3 sets out key considerations for the council when reviewing existing or proposed service delivery arrangements and determining whether these represent value for money for the council and the most effective method of service provision.

## **2.7 ALEOs Governance and Risk Management Arrangements**

2.7.1 While ALEOs are separate entities in their own right, the council remains accountable for the cost and quality of all services delivered, including those which are performed through arm's-length arrangements. Given this association brings ongoing financial, service delivery and reputational risks, the council needs to be vigilant and aware of risks which have scope to affect its arms-length delivery vehicles.

2.7.2 All ALEOs continued to operate during the Covid-19 lockdown, although the level and nature of services provided was significantly decreased or withdrawn in some cases due to loss of premises, social distancing requirements or incompatibility with remote working/virtual delivery. Where services continued to be delivered the focus was very much on emergency or essential works and supporting the council's response.

- 2.7.3 Various arrangements were put in place by the respective organisations to ensure that proper governance was maintained and the risk environment was assessed and addressed appropriately during lockdown and recovery progression in line with the Scottish Government's route map. Governance and oversight arrangements varied and in some cases initially involved authority being delegated to the Chief Officer in conjunction with the Chairperson of the company, or through an Executive or Emergency Measures Sub Group. More recently, Board and Management Committee meetings have been conducted remotely with council representatives, including Client Officers and officers from Business Solutions in attendance. It is anticipated that remote management meetings will continue in the immediate to foreseeable future.
- 2.7.4 Appendix 4 provides a summary of the governance and risk management environment within individual ALEOs over the lockdown period. Future service committee reports will, as appropriate, highlight where ALEOs are resuming service delivery and supporting the council in its recovery planning arrangements.

## **2.8 Financial Governance**

- 2.8.1 To satisfy the council's duty to ensure that the external organisations delivering services on its behalf are financially sound, the Council's Section 95 Officer maintains appropriate and proportionate processes and procedures for scrutinising ALEOs' financial performance. The individual contractual arrangements specify the financial information which each ALEO must submit to the council and these generally include an annual business plan, monthly management accounts and audited financial statements. This information enables Financial Solutions to assess and report any financial risk likely to arise as a result of the council using the ALEO to deliver these services. The following paragraphs highlight, by exception, where ALEOs have failed to comply with the prescribed monitoring arrangements during financial year 2020/21 to date; or where they have been impacted by Covid 19; or, where there are matters that require close monitoring by the individual ALEO's Board of Directors or Management Committee along with robust, separate oversight by Financial Solutions.

### **2.8.2 Culture and Leisure NL Ltd**

Culture and Leisure North Lanarkshire (CLNL) have been severely impacted by the global pandemic, with most of their operations closed for several months and some facilities only beginning to open in line with Scottish Government guidance. This has had a significant impact on the financial performance and risk to the overall financial sustainability of this company due to the material loss of income suffered. However, the council has agreed support relief payments to CLNL which is currently forecast at £14.722m, to 31 March 2021. This reflects compensation for loss of income and non-achievement of 20/2021 savings, which are partially offset by Coronavirus Job Retention Scheme funding. This forecast position is under review and is subject to a revised business plan being developed by the company in relation to opening of facilities and services as it moves through the recovery planning process and in line with the Scottish Government's route map.

### **2.8.3 Routes to Work**

Due to staff absences in their finance team, Routes to Work (RTW) have been unable to provide the Council with 2020/21 management accounting information. However, the company recruited an interim Finance Manager and more recently, a permanent Finance Manager, which will enable normal financial governance

arrangements to recommence including financial monitoring and reporting arrangements which will be shared with the council and enable council officers to carry out the normal review process to gain necessary assurances. Despite staff working from home and unable to meet clients face to face, services continued to be provided in conjunction with the council's employability team throughout lockdown. The organisation has three Service Level Agreements (ESF Pipeline, No One Left Behind and Parental Employment Service) signed and in-place for the coming year. The organisation has been continuing to provide a service and make financial claims as usual.

#### 2.8.4 North Lanarkshire Properties LLP

North Lanarkshire Properties (NLP) are experiencing a material reduction in rental income as a result of the pandemic and the impact this has had on tenants' ability to pay. The company is currently assessing the forecast impact on rent collection levels and long term debt recovery to understand the impact on the overall financial sustainability of the company. The council has provided NLP with a letter of comfort to support NLP's financial sustainability throughout the crisis. The best approach for the council to support NLP has yet to be determined but will become clearer following tenant engagement and the commencement of debt recovery procedures. NLP will provide an update report to their Management Committee and the council's Head of Financial Solutions by the end of September 2020. In the short term NLP will utilise accumulated reserves to sustain financial operations.

#### 2.8.5 Amey Public Services LLP

During the period up to 19th July 2020, Amey Public Services (APS) provided emergency roads services in conjunction with council priorities, with the council providing supplier relief payments in addition to other support received by APS via the UK Government's Coronavirus Job Retention Scheme. To date, financial support provided by the council totals £2.457m. As lockdown eases and the construction industry resumes, the council support is continually being reviewed as we move through the recovery planning process. Current indications are that the company continues to perform in line with revised financial forecasts for this financial year and the council continues to seek assurances over the financial sustainability and standing of the company, together with Amey continuing to provide assurance of its financial sustainability and standing as a company at the Management Committee Board meetings.

#### 2.8.6 MEARS Scotland LLP

The pandemic outbreak has severely impacted the work-mix being delivered by Mears. The defined service agreement for the Covid19 outbreak limited the service delivery to mainly emergency works, and those works which could be carried out safely in conjunction with Government advice. As the business is currently bringing staff back from furlough, and the Government is assessing lockdown releases, there is a slow build-up of works. An open and transparent approach has been agreed whereby the partnership neither profits nor loses from the arrangement. All costs will be finalised on an open book basis in line with the general agreement of the financial governance approach. To date, financial support provided by the Council totals £3.480m of which £2.050m relates to cash flow support for furloughed staff, which will be fully refunded to the Council. Both service delivery and financial position will be continually reviewed during the remainder of the year by Mears and Council representatives.

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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland Duty**

3.1.1 There are no Fairer Scotland Duty requirements in relation to this report.

#### **3.2 Equality Impact Assessment**

3.2.1 There are no requirements to complete an Equality Impact assessment on this report.

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### **4. Implications**

#### **4.1 Financial Impact**

4.1.1 There are no additional financial impacts other than those referenced at Section 2.8 above.

#### **4.2 HR/Policy/Legislative Impact**

4.2.1 There are no HR, policy or legislative matters arising from this report.

#### **4.3 Environmental Impact**

4.3.1 There are no environmental impacts arising from this report.

#### **4.4 Risk Impact and Covid-19 Response**

4.4.1 Future reports to this panel will confirm that sufficiently robust governance and risk management arrangements remain in place within each ALEO and identify the top five risks for each entity.

4.4.2 The monitoring proposals in this report provide the mechanism through which the council may fulfil its 'Following the Public Pound' obligations in ascertaining that its arm's length bodies are operating effectively, efficiently and providing high quality public services and value for money.

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### **5. Measures of success**

5.1 Effective and timely monitoring in place to provide assurance to the council that adequate governance, financial and risk management procedures are in place and operating effectively in the arm's length bodies and strategic partnerships within the scope of the Audit and Scrutiny Panel's monitoring framework.

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### **6. Supporting documents**

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| 6.1 | Appendix 1 | Summary of in-scope ALEOs and Strategic Partnerships                   |
|     | Appendix 2 | Accounts Commission and Audit Scotland - Good Practice Recommendations |
|     | Appendix 3 | Service Externalisation Checklist                                      |
|     | Appendix 4 | Coronavirus Response - Emergency/Alternative Governance Arrangements   |



**Head of Business Solutions**

## Summary of in-scope ALEOs and Strategic Partnerships

WHOLLY OWNED ALEOs	OBJECTIVES / SERVICES DELIVERED	STATUS	BOARD/MANAGEMENT COMMITTEE COMPOSITION	CLIENT SERVICE	SERVICE COMMITTEE
Culture & Leisure NL (CLNL) Ltd	Cultural, sporting, leisure & recreational activities to: improve conditions of life; advance health & education; and promote equalities. Advancement of arts, heritage, culture & science.	Council decision in January 2020 to insource provision to facilitate greater alignment with The Plan for North Lanarkshire. Current timetable envisages transfer to the council on 1 April 2021.	Current composition comprises: <ul style="list-style-type: none"> <li>• 4 Partner Directors appointed by NLC</li> <li>• 3 Independent Directors</li> <li>• 1 Trade Union Director nominated by the relevant trade unions.</li> </ul> ① See note below.	Enterprise & Communities (Communities)	Community Empowerment.
Routes to Work Ltd	Relief of poverty through supporting individuals to secure & sustain employment Advance education and training, particularly where this will lead to paid employment	Incorporated as a limited company with charitable status. Council is sole shareholder (100%).	Maximum of up to 10 directors of whom: <ul style="list-style-type: none"> <li>• Up to 2 are Category A Directors (1 elected member &amp; 1 chief officer) appointed by NLC;</li> <li>• Up to 8 are Category B Directors representative of local community or possessing key skills/experience</li> </ul>	Enterprise & Communities (Communities)	Enterprise & Growth
Fusion Assets Ltd	Physical regeneration and infrastructure projects, focusing in remediation of vacant & derelict land where there is little speculative development by the private sector and/or market failure.	Incorporated as a limited company. Council is sole shareholder (100%).	Maximum of up to 8 directors of whom: <ul style="list-style-type: none"> <li>• Up to 5 are Partner Directors (3 elected members &amp; 2 chief officers) appointed by NLC;</li> <li>• Up to 3 are Co-opted Directors possessing key skills/experience</li> </ul>	Enterprise & Communities (Planning & Regeneration)	Enterprise & Growth

② **Note:** In December 2019 the Council passed a special resolution removing, for a temporary period up to 2 March 2020, the requirement that Partner Directors must be elected members and also suspending the requirement for a Nominations Committee to make recommendations in relation to the appointment of Independent Directors. The Policy and Strategy Committee at its meeting on 19 March 2020 agreed to extend the temporary period to 30 April 2020 and this has been further extended, given the impact of the Coronavirus pandemic, to 1 April 2021.

WHOLLY OWNED ALEOs	OBJECTIVES / SERVICES DELIVERED	STATUS	BOARD/MANAGEMENT COMMITTEE COMPOSITION	CLIENT SERVICE	SERVICE COMMITTEE
North Lanarkshire Properties LLP	Management, marketing and leasing of commercial property portfolio that transferred from NLC in 2013. Provision of general lease advice to NLC and management of NLC's retained commercial properties (Legacy Estate).	Incorporated as a limited liability partnership with 2 members: NLC owns a 99.999% shareholding and NL Property Investments Ltd holds a 0.001% shareholding.	Maximum of 6 Management Committee members: <ul style="list-style-type: none"> <li>• 5 representatives are appointed by NLC (4 elected members and 1 chief officer);</li> <li>• 1 representative is appointed by NL Property Investments Ltd</li> </ul>	Enterprise & Communities (Planning & Regeneration)	Finance & Resources
NL Property Investments Ltd	To facilitate and support North Lanarkshire Properties LLP	Incorporated as a limited company. Council is sole shareholder (100%).	Maximum of 6 directors appointed by NLC (5 elected members & 1 chief officer being the same individuals as those referenced above)	Enterprise & Communities (Planning & Regeneration)	Finance & Resources
North Lanarkshire Municipal Bank Limited	Provision of deposit savings account facility for individuals and organisations and source of credit finance to NLC	Incorporated as a limited company and defined as a "municipal bank" under Section 103 of the Banking Act 1987. All serving elected members of NLC are shareholders, with an individual share of £0.05.	Maximum of 7 directors appointed by NLC (all elected members)	Financial Solutions	Finance & Resources ② See note below

② **Note:** NL Municipal Bank Ltd primarily provides a service to its customers and as such performance reporting is through publication of the annual statutory accounts and the Annual General Meeting. Treasury Management reporting to Finance and Resources Committee is in place given the Bank's position as a source of credit finance to NLC.

<b>STRATEGIC PARTNERSHIP VEHICLES</b>	<b>OBJECTIVES / SERVICES DELIVERED</b>	<b>STATUS</b>	<b>MANAGEMENT COMMITTEE COMPOSITION</b>	<b>CLIENT SERVICE</b>	<b>SERVICE COMMITTEE</b>
Amey Public Services LLP	Provision of roads, street lighting and winter services contract	Incorporated as a limited liability partnership with Amey LG Ltd holding a 67% shareholding and NLC holding a 33% shareholding	5 representatives with 3 appointed by Amey LG Ltd and 2 appointed by NLC (1 elected member and 1 chief officer)	Enterprise & Communities (Environmental Assets)	Environment and Transportation
MEARS Scotland LLP	Provision of housing and corporate property repairs	Incorporated as a limited liability partnership with MEARS plc holding a 67% shareholding and NLC holding a 33% shareholding	5 representatives with 3 appointed by MEARS plc and 2 appointed by NLC (1 elected member and 1 chief officer)	Enterprise & Communities (Housing Solutions and Housing Property and Projects)	Housing and Regeneration

<b>ALEOs subject to dissolution per previous Council decisions</b>	<b>OBJECTIVES / SERVICES DELIVERED</b>	<b>STATUS</b>
Campsies Centre (Cumbernauld) Ltd	Facilitate the redevelopment of Cumbernauld town centre	Dissolution underway as per Infrastructure Committee 2/5/18
NL Leisure Ltd	Provision of sports, leisure, recreational activities and facilities integrated within single, renamed Culture & Leisure NL	Dissolution underway as per Policy & Resources 27/9/18
Town Centre Activities Ltd	Public space CCTV monitoring and town centre initiatives transferred in-house from 1 April 2019. Shopmobility transferred to voluntary sector partner from 1 July 2019	Dissolution process in final stages as per Enterprise & Housing Committee 5/9/18

## Accounts Commission and Audit Scotland - Good Practice Recommendations:

Councils should continue to apply the Following the Public Pound principles ensuring that they:

- oversee the performance, financial position, and associated risks of ALEOs;
- have clear reasons for appointing councillors and officers to ALEO boards, recognising the responsibilities and requirements of the role, and the risks of conflicts of interest;
- provide training, support and advice from both the perspective of the council and the ALEO. This should include legal responsibilities, scrutiny and oversight, and conflicts of interest;
- have processes in place to manage any potential conflict of interest of elected members and officers involved in the operation of ALEOs;
- take an active role in managing their relationship with ALEOs, including their compliance to service level agreements, contracts and other obligations; and,
- make information about ALEO funding and performance clear and publicly available.

Source: Accounts Commission 'Council's Use of Arm's Length Organisations' May 2018 (click on [link](#))

The above principles are summarised in the Audit Scotland diagram below:

### Audit dimensions



Source: Audit Scotland Code of Audit Practice 2016

### Service Externalisation Checklist

The statutory duty of Best Value requires the Council to make the best use of the resources available. This includes identifying the best way to deliver services. The Council should be able to demonstrate the benefits of any decision to create an ALEO, or to continue service provision through an existing ALEO. This checklist summarises the matters which must be addressed when considering the most effective method for service delivery.

Clarity of Purpose – We Need to:	Evidence Based – Our Decisions Must Be:
<ul style="list-style-type: none"> <li>• Be clear about the anticipated benefits</li> <li>• Have all necessary information available</li> <li>• Be sure our plans support <i>The Plan for North Lanarkshire</i></li> <li>• Know all the delivery options available to us</li> <li>• Be clear of all risks, limitations and constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Based on robust options appraisal</li> <li>• Underpinned by a sound Business Case</li> <li>• Informed by engagement with customers, service users, partners and other stakeholders</li> <li>• Capable of delivering Best Value</li> <li>• Clearly communicated and understood</li> </ul>
Options Appraisal – Our Activity Must:	Business Case – Our Proposals Must:
<ul style="list-style-type: none"> <li>• Have clearly defined objectives</li> <li>• Be sufficiently resourced and planned</li> <li>• Align with Council decision making cycles</li> <li>• Involve team members with the right skills, experience and knowledge</li> <li>• Recognise when specialist advice is needed</li> <li>• Include equality, Fairer Scotland and data protection impact assessments</li> <li>• Identify and assess risks</li> <li>• Provide all necessary information for inclusion in a sound Business Case</li> <li>• Report progress regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the relative merits of each option</li> <li>• Provide an overall assessment of benefits, outcomes, costs and risks</li> <li>• Promote accountability and transparency</li> <li>• Clearly communicate findings and recommendations</li> <li>• Provide safeguards to protect the council's interests in assets and resources</li> <li>• Enable members to fully understand the financial commitment and risks</li> <li>• Enable the Council to make fully informed decisions</li> </ul>
Governance – We Must Ensure That:	Finance and Risks – We Must Ensure That:
<ul style="list-style-type: none"> <li>• Governance proposals are sufficiently robust</li> <li>• Training, advice and support is provided</li> <li>• Officers and members are clear on their responsibilities and remits</li> <li>• The contribution and impact on <i>The Plan for North Lanarkshire</i> is clear</li> <li>• Our reasons for externalising/in-sourcing are clearly understood and communicated</li> <li>• Robust performance monitoring and scrutiny arrangements are in place</li> <li>• Our expectations, monitoring and reporting requirements are clearly understood</li> <li>• Specific governance, financial and performance indicators are in place</li> <li>• A Service Level Agreement (SLA) captures the council's expectations and requirements</li> <li>• We have early warning triggers to identify potential problems</li> <li>• Periodic service review milestones are in place and included in the SLA</li> <li>• Review or termination triggers are in place</li> </ul>	<ul style="list-style-type: none"> <li>• All financial implications are clearly identified and understood</li> <li>• Workforce considerations are fully understood and costed</li> <li>• Levels of funding and financial compliance requirements are specified in the SLA</li> <li>• Established arrangements for timeous financial monitoring and reporting are in place</li> <li>• Identified risks are clearly set out with controls and mitigations in place</li> <li>• Risk registers are regularly reviewed and reported</li> <li>• Risk management and business continuity arrangements are robust and proportionate</li> <li>• Business continuity arrangements, in the event of the externalised service delivery arrangement ending prematurely, are in place and regularly reviewed</li> </ul>

## ALEOs and External Bodies

## Coronavirus Response - Emergency/Alternative Governance Arrangements

<b>Culture and Leisure NL (CLNL) Ltd</b>
<p><b>Governance</b> Culture and Leisure NL's Board of Directors' has continued to meet remotely via teleconference and videoconference during the period of lockdown with 4 board meetings having taken place between April and August 2020. During this time a new Independent Director was appointed to the Board, along with a new Trade Union Director. Given the importance of ongoing service recovery, furloughing of staff, requirement to progress savings and the significance of the insourcing project, there was a clear requirement to sustain regular meetings of the Board of Directors.</p>
<p><b>Risk Management</b> Culture and Leisure NL's Risk Register is reviewed and updated quarterly by the Senior Management Team with an annual summary presented to the Board of Directors. During the period of lockdown due to the pandemic the risks to the organisation became mainly financial due to loss of income, however current service recovery considers all risks attached to each element of service delivery, with new operational requirements identified and considered as a result of COVID-19.</p> <p>The nature of CLNL's direct involvement with service users meant that all culture and leisure services were impacted significantly by the COVID-19 pandemic. Key activities to ensure risk minimisation across the CLNL service prior to and during recovery include:</p> <ul style="list-style-type: none"> <li>• Implementation of hygiene measures in venues and facilities including appropriate signage, screens, PPE, sanitisers etc;</li> <li>• Cessation of all face to face meetings;</li> <li>• Introduction of home working for 100+ staff;</li> <li>• Furlough of 1100 staff;</li> <li>• Regular communications with all staff (both working and furloughed);</li> <li>• Staff survey on Home Working and concerns and limitations on return to work;</li> <li>• Customer survey to gauge reaction to recovery;</li> <li>• Review of risk assessments and safe systems of work across all services in preparation for a return to service delivery;</li> <li>• Operational plans developed in response to COVID-19 eg pre booking, restricted numbers, reduced hours, additional cleaning, quarantining of books and records etc;</li> <li>• Consultation with TUs on ongoing basis especially with H&amp;S around recovery of services.</li> </ul> <p>More generally, the overall CLNL risk register lists each known risk, provides commentary where the likelihood of a potential risk materialising is heightened, diminished or impacted in any other way, and assesses risks using a Red, Amber and Green methodology. Directors are requested to note the annual Risk Register report and to identify any areas requiring further detail.</p>

<b>Routes to Work Ltd</b>
<p><b>Governance</b> Routes to Work stood down the Board of Directors' meeting due to take place on 17 March 2020 with the Chair authorising the Chief Executive to seek feedback from individual directors on those matters where agreement/comment was required. Included within these matters was the recommendation that Routes to Work should establish a time-limited Emergency Sub Group of the Board, with members delegated to take decisions on behalf of the Board as necessary. This was approved and the sub-group met for the first time via a conference call on Friday 20 March and then regularly (originally weekly moving to fortnightly) via video-conferencing platforms until the final meeting held on 12th June. The next full Board of Directors' meeting took place</p>

remotely as scheduled on 23 June 2020 (via MS Teams) and the agenda included the Terms of Reference of the Emergency Sub Group and a report on matters dealt with under delegated powers during the preceding March to June period and also approved the standing-down of the Emergency Measures Sub-group with immediate effect and the restoration of routine decision-making processes through the Board and standing sub-groups.

#### **Risk Management**

Routes to Work's Risk Register is reviewed and updated every quarter by the Senior Management Team and a summary is submitted to the Board of Directors' Governance sub-group quarterly thereafter. The Risk Register report is also provided to each quarterly Board meeting. This lists each risk, provides commentary where the likelihood of a potential risk materialising is heightened, diminished or impacted in any other way and assesses risks using a Red, Amber and Green methodology. Directors are requested to note the Risk Register report and to identify any areas requiring further detail. As at April 2020, risks assessed as 'Red' included the impact of underperformance on key contracts (due solely to the COVID19 impact) and the potential onset of an economic shock (Recession) post-Brexit or as a result of the Covid-19 pandemic or global megatrend.

The nature of the company's direct involvement with service users and face to face engagement meant that Routes to Work's operations were impacted significantly by the Coronavirus pandemic. Key activities to ensure risk minimisation included:

- Implementation of hygiene measures preceding office closures including appropriate signage;
- Cessation of all face to face meetings and group and individual training;
- Introduction of home working, including home working risk assessments; for all staff;
- Bespoke programme of suitable interventions for staff identified as particularly vulnerable;
- Daily communications with all staff via email;
- Regular communications with partners, clients and other stakeholders through phone, email and all social media channels;
- Mandatory certificated e-learning Covid-19 Awareness training for all staff;
- Staff survey regarding concerns and limitations on return to work;
- Thorough risk assessments by qualified staff of all offices in preparation for a return to office working (includes temperature checks, 'track and trace' and office re-purposing)
- Consultation with staff via Employee Forum on all activities undertaken.

#### **Fusion Assets Ltd**

##### **Governance**

The Board of Directors' meeting scheduled for May 2020 was stood down due to the Covid 19 pandemic, however, Fusion Assets continued to operate with the Managing Director liaising with the Chair as required. The scheduled August Board meeting went ahead on 10 August 2020 and was remotely held via Webex.

##### **Risk Management**

Fusion Assets revised their risk register in July 2020 and it encompasses new risks that have occurred due to the Covid 19 pandemic including the effects of a possible second lockdown on contracts, risk to staff and safe opening of sites. Economic impacts from the pandemic were also identified. The economic consequences of the pandemic are under on-going consideration by Fusion Assets however there has been little negative impact on most sectors that the company operates in with business remaining strong / improving as demand for distribution warehousing has grown during the pandemic.

#### **North Lanarkshire Properties LLP (including NL Property Investments Ltd)**

##### **Governance**

NLP Management Committee and the company Board approved, at special meetings convened remotely via Webex on 30 April 2020 that business should be conducted via delegated powers for a temporary period. Thereafter subsequent meetings, under the delegated powers, were held on 21 May 2020. At the scheduled Management Committee and Board meetings held on 3

September 2020 (remotely via Webex) the decision to rescind the temporary powers was considered.

**Risk Management**

NLP has reviewed its risks since the Covid 19 pandemic started and has identified risks to income and overall future business development. Measures are in place to minimise and control these risks including supporting tenants as much as possible with assistance including sign posting them to towards government grant assistance, debt repayment plans. Measures will take account of individual circumstances as it is in NLP's interest to support tenants back to profitable trading. Operational aspects of the business have been adjusted for staff safety given the risks posed by the on-going pandemic.

**North Lanarkshire Municipal Bank Ltd**

**Governance**

NLMB governance arrangements remained unchanged with the next Directors' meeting due to take place in September 2020.

**Risk Management**

A risk assessment for staff working in First Stop Shops providing banking services has been undertaken with staff required to operate social distancing protocols. Screens are in place and hand sanitiser available with an enhanced cleaning regime in place.

**Amey Public Services LLP**

**Governance**

Management Committee continued to meet remotely via MS Teams in June and September 2020 (as per schedule). Amey also instigated twice weekly conference calls between APS and the council. The call in the early half of the week focused on operational matters and the call at the end of the week was more strategic and at a higher level. Notes of these calls were taken and circulated to all attendees. In between these calls other telephone contacts were maintained between the partners.

**Risk Management**

The only significant change to the risk register is the impact of Covid 19 on the financial performance of the contract with this being mitigated by the Contractor Support Scheme, whereby the Council has been covering the balance of the contract's costs not covered by the HRMC Furlough payments. Monthly reconciliation meetings were held to ensure the costs claimed were validated by NLC.

**MEARS Scotland LLP**

**Governance**

The Management Committee meeting scheduled for 20 May 2020 was stood down due to timing with the implementation of emergency and essential services only for the council. A Management Committee meeting was held on 27 August 2020 covering the reporting period January to July 2020. MEARS has now reverted to its scheduled programme of Management Committee meetings with the next one due to be held on 19 November 2020.

**Risk Management**

Covid-19 was added to both the MEARS Group and Partnership's risk registers. Health and safety of staff and tenants remains the priority consideration and recovery activity is guided by the Scottish Government's route map out of lockdown. Where possible staff are encouraged to work from home. Supply chain risks during the pandemic have been considered, however there is limited risk due to core suppliers keeping a supply channel open for emergency key workers' materials and also due to the high percentage of "self-delivery" undertaken by MEARS resulting in limited reliance on other suppliers. (Also in many cases, where there was a reliance on specialist suppliers, the majority of activities where such supplies would have been required had been stood down during lockdown as non-essential). A full suite of Risk Assessment Method Statements has been produced for all work tasks and a return to work induction programme introduced to ensure all staff / operatives have Covid-19 compliant policies in place.